

EX PARTE OR LATE FILED



## COUNCIL OF CHIEF STATE SCHOOL OFFICERS

One Massachusetts Avenue, NW, Suite 700, Washington, DC 20001-1431 • 202/408-5505 • FAX 202/408-8072  
<http://www.ccsso.org>

February 2, 1999

*Via Hand Delivery*

RECEIVED

FEB 02 1999

Magalie Roman Salas  
Secretary  
Federal Communications Commission  
The Portals, 445 Twelfth Street, SW.  
Washington, DC 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: CC Docket No. 96-45  
EX PARTE DOCUMENT

Dear Ms. Salas:

The documents attached were presented by the Council of Chief State School Officers (CCSSO) during two meetings with the Commission's officials. The first meeting was held at CCSSO's headquarters at One Massachusetts Avenue, NW, Washington, DC and the second meeting was held in Room 500 at the Commission's office at 1919 M Street, NW, Washington, DC.

CCSSO staff, representatives of state education agencies and FCC officials present at these meetings are listed in the attachment under the heading "Attendees."

In its presentations to representatives for the Chairman and Common Carrier Bureau, CCSSO urged the Commission to act expeditiously on a set of proposals designed to preserve and continue the universal service support discounts ["E-RATES"] for the nation's schools and libraries. In addition to making a number of constructive recommendations that will strengthen the viability of the E-rate program and improve the credibility of the Commission with state and local education and library officials, CCSSO urged the FCC and Schools and Libraries Division [USAC/SLD] to institute a collaborative procedure and convene a series of sessions to streamline the program and increase the efficiency and effectiveness of the Year 2000 program.

Respectfully submitted,

Gordon M. Ambach  
Executive Director

## CCSSO PROPOSALS TO FCC TO IMPROVE E-RATE PROCESS

CCSSO with assistance from several SEA representatives presented the FCC with a set of proposals to increase participation in the current and future universal service discount programs. A meeting at CCSSO on January 19<sup>th</sup> and subsequently on February 1<sup>st</sup> at the FCC, CCSSO presented the FCC (and independently to the SLD) a number of proposals for changes and reconsideration of universal service E-rate regulations. Formulated by SEA representatives, a lists of seven proposals (see below) was delivered to the FCC as an "ex parte" document. Copies of the formal submission to the Commission were sent to the FCC Chairman and four commissioners and to key officials in the FCC's Common Carrier Bureau. At both meetings with FCC officials, during which the proposals were discussed at length, CCSSO urged the Commission and its Common Carrier Bureau to act quickly.

### The proposals as presented are as follows:

(1) Provide a six-month "overlap" grace period to complete implementation of 1998 funding through December 31, 1999, i.e., allow another six months for one-time non-recurring expenditures to insure that funding commitments can be used. This also allows time for corrections. These unspent funds would not be used to reduce collections in 1999.

(2) Priority and high level resources are needed to complete all 1998 applications, specifically the large complex applications, including the appeals and corrections processes, because of the sizeable impact on large numbers of students. Complete these by February 1, 1999 even to allow filing much less "consideration" in '99. Question: Even if commitment letters can be issued by 2/1/99, do applicants have sufficient time in the 1999 window to respond to commitment letters? (CCSSO realizes the dilemma in extending the window.)

(3-a) Reaffirm and rely on state and local procurement rules for establishing and changing contracts, once a contract has been categorized as "pre-existing" or "bid" according to E-Rate rules. Policies for "equal" or "better" or "cheaper" should be dependent on the state and local rules, not a promulgation of FCC procurement rules. Consider pre-certification process similar to technology planning requirements.

(3-b) The states are in fact accomplishing competitive bidding within the telecom industry, separate from school bidding. Allow state master contracts, and subsequent extensions, to be eligible for E-rate service whether or not they have been bid within the window, without a process that requires a second bidding with the Form 470.

(4) Reconsider the 5th Order that created a 12/31/98 contract expiration issue. Change the ruling with regard to contract expiration without prejudice to the expiration date to reduce the economic impact to the schools and libraries.

(5) Because the FCC has already reduced the program to \$1.925 Billion for 18 months, committed, but unspent dollars, need to be spent on resolving 1998 program year appeals and corrections.

(6-a) Expedite a hearing process to be able to announce funding and collection levels priorities prior to February 8, 1999; b.) Assure that collections match funding requests up to the cap of \$2.25 Billion; c.) Assure that 1999 funding commitment letters are issued by July 1, 1999.

In addition, the FCC and SLD should institute a collaborative procedure and convene a series of sessions to streamline the program and increase the efficiency and effectiveness of the Year 2000 program.

## ATTENDEES

### **CCSSO E-RATE MEETING One Massachusetts Avenue, NW Washington, DC 20001 January 19, 1999**

#### FCC Officials

Kathy Brown, Chief of Staff, Office of the Chairman  
Melissa Waksman, Deputy Division, Chief, CC Bureau  
Irene Flannery, Chief, Account. Policy Division., CCB

#### State Education Department Representatives

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## ATTENDEES

### **CCSSO E-RATE MEETING Room 500 1919 M Street, NW Washington, DC 20001 February 1, 1999**

#### FCC Officials

Lisa Zaina  
Irene Flannery  
Ellen Blackler  
Kathrine Schroeder  
Sharon Weber

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fax: 202-789-5305

# E-rate: For the children

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## **The Promise and The Requirements**

Jan. 19, 1999



# E-rate: For the children

- **The Promise**

- \$2 billion recurring
- eligible services funded, simply file
- reach every child in America

- **The Requirements**

- Technology Plan
- Budget non-discounted portion
- Provide computers, training, and infrastructure

**E-rate: For the children**

**The Promise and The Requirements**

**Jan. 19, 1999**

**E-rate: For the children**

**The Promise and The Requirements**

**Jan. 19, 1999**

## E-rate: For the children

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## E-rate: For the children

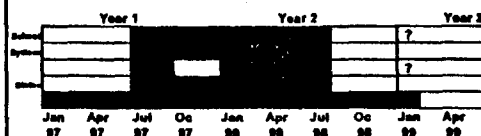
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E-rate: For the children												
2.5 years												
Year 1				Year 2				Year 3				
Student	Total Phone				Phone allocated							
Student	WPPs & E Communications				Funds allocated				E expected		E over-ride	
Student	Total Phone				Phone allocated							
Student	WPPs & E Communications				Funds allocated				E expected		E over-ride	
Organization	Demographic Info				Demographic details							
SLA					SLA details							
	Begin				Project/Phase ending				When		Which	
					Signatures				Signatures		Others	
Programs	Children				Children				1999 estimated			
	Jan 97	Apr 97	Jul 97	Oct 97	Jan 98	Apr 98	Jul 98	Oct 98	Jan 99	Apr 99	Jul 99	Oct 99

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### E-rate: Schools' Effort 2.5 yr timeline

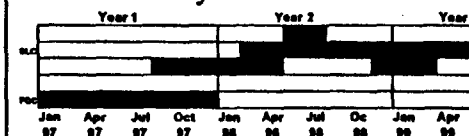


- 2.5 years
- States and School Systems Requirements:
- 70,000 Tech Plans
- Expenditures over \$2 billion
- Competitive Bids
- Train/disseminate info

### E-rate: Impact for the children

State	Schools	Students	Dollars Waiting	Dollars Expended
NY	4300	3,500,000	\$100 mil	\$150 mil
IL	4100	2,100,000	\$ 3 mil	\$60 mil
KY	1400	700,000	\$ 77 mil	\$250 mil
MI	3000	1,800,000	\$125 mil	\$150 mil
TN	1600	900,000	\$ 43 mil	\$ 60 mil
CA	8000	5,700,000		
IA	1300	500,000	\$ 2 mil	\$100 mil
UT	500	300,000	\$ 2.5 mil	\$ 35 mil
MS	1000	500,000	\$ 1 mil	\$ 48 mil
Total	17,200	10,300,000	\$754 mil	\$853 mil

### E-rate: FCC Effort 2.5 year timeline



- 2.5 years
- FCC and SLC Promise & Challenge:
- Setting rules
- 30,000 applications
- Responding to audit

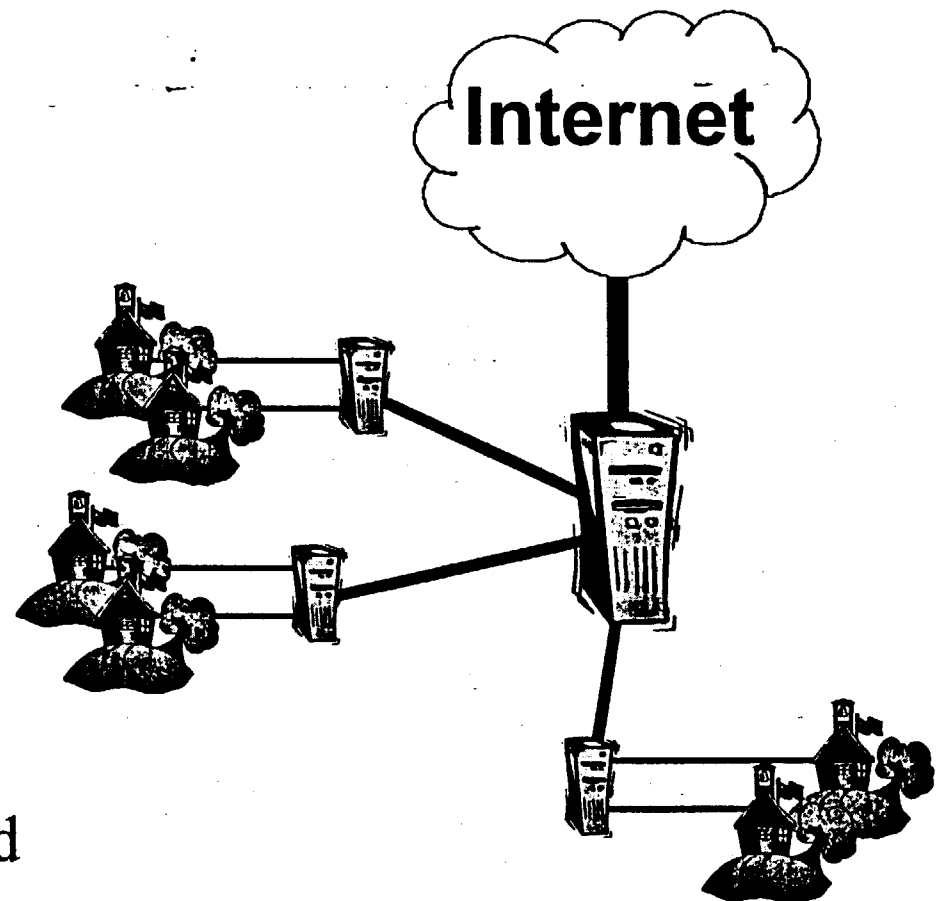
# E-rate: For the children

- **Components of Plan**

- computers
- teacher training
- funding for network

- **The Process**

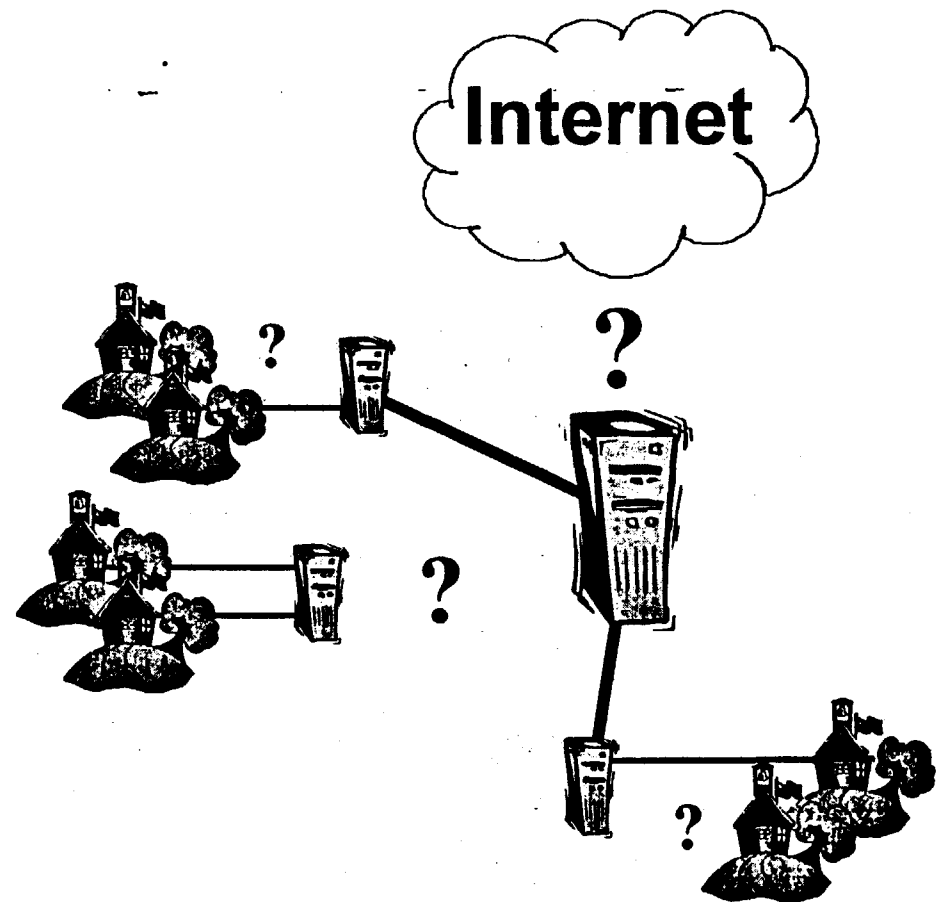
- technology plan
- competitive bidding
- local/state \$ committed



**what's next?**

# E-rate: Impact For the children

- **No part is an island**
  - drop a part and it is hard to complete or function
- **Delay of the promise**
  - hurts competitive bids
  - impossible to reach kids



# E-rate: Impact For the children

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- 11% of money has been committed
- NO money received yet
- Large & consortia applicants:
  - no indication of status or funding
  - dilemma for 1999 applications
  - kids have lost one or more years

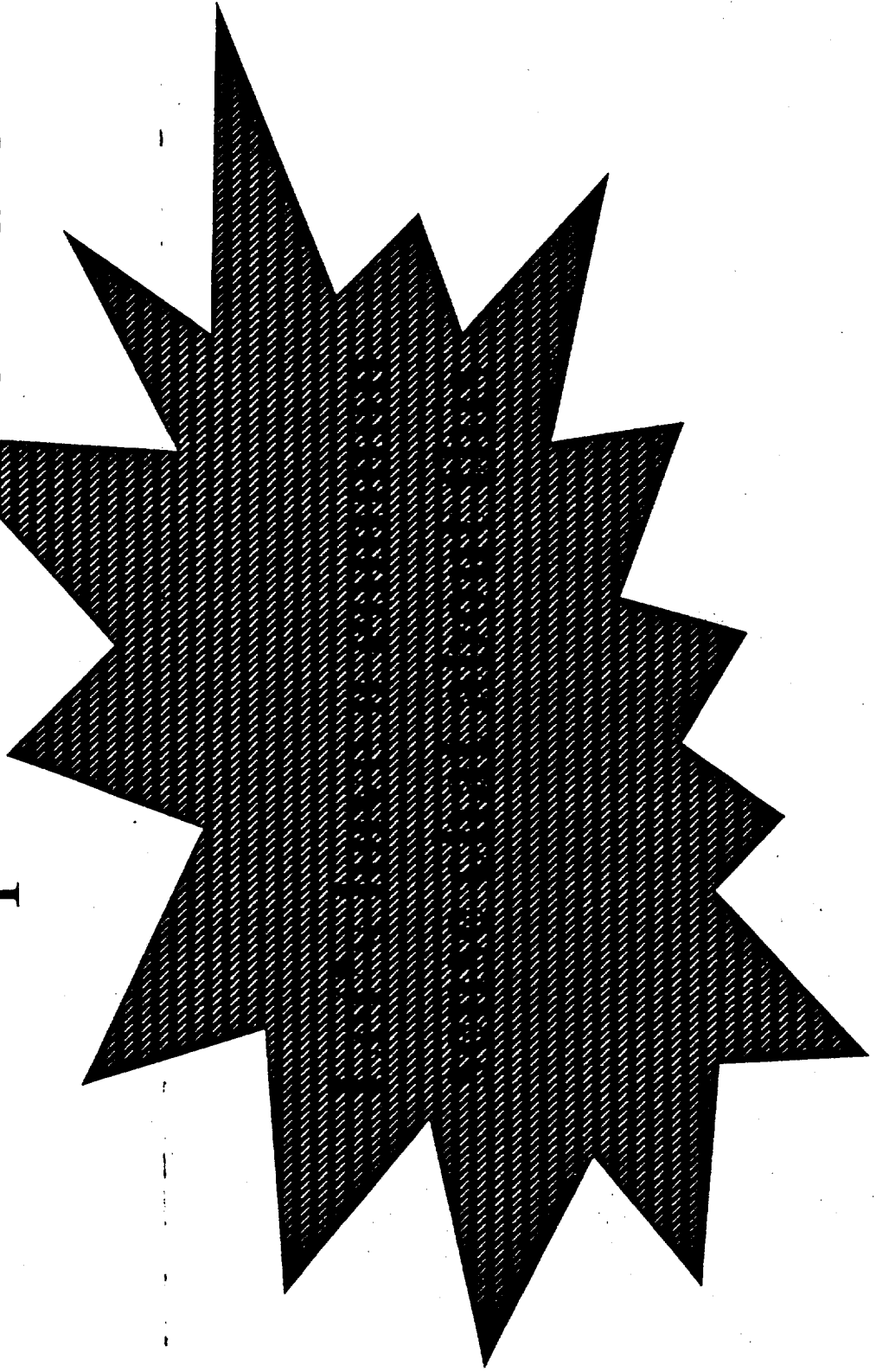
# E-rate: Impact For the children

## “Catch 22”

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- 1999 Funding Dilemma
  - most ‘98 funds remain uncommitted
  - “use it or lose it” by July 1999
- Schools are different
- Instruction is impacted by FCC rules
- State/local Procurement is being challenged
  - aggregation of demand extends reach of USF

E-rate: Impact For the children





## E-rate: For the children

- • Proposal 1: Provide a six month “overlap” grace period to complete implementation of 1998 funding through Dec 31, 1999, i.e, allow another six months for one-time non-recurring expenditures to insure that funding commitments can be used. This also allows time for corrections. These unspent funds would not be used to reduce collections in 1999. (ex: FL, NJ, SC)

## E-rate: For the children

- • Proposal 2: Priority and high level resources are needed to complete all 1998 applications, specifically the large, complex applications, including the appeals and corrections processes, because of the sizeable impact on large numbers of students. Complete these by Feb. 1, 1999 even to allow filing much less “consideration” in ‘99.

## E-rate: For the children

- • Question: Even if commitment letters can be issued by 2/1/99, do applicants have sufficient time in the 1999 window to respond to commitment letters? We realize the dilemma in extending the window. (VA, IA)

## E-rate: For the children

- Proposal 3a: Reaffirm and rely on state and local procurement rules for establishing and changing contracts, once a contract has been categorized as “pre-existing” or “bid” according to E-rate rules. Policies for “equal” or “better” or “cheaper” should be dependent on the state and local rules, not a promulgation of FCC procurement rules. Consider pre-certification process similar to tech plans. (KY, MI, MS)

## E-rate: For the children

- • Proposal 3b : The states are in fact accomplishing competitive bidding within the telecom industry, separate from school bidding. Allow state master contracts, and subsequent extensions, to be eligible for E-rate service whether or not they have been bid within the window, without a process that requires a second bidding with the Form 470. (NY, TX)

## E-rate: For the children

- • Proposal 4: Reconsider the 5th Order that created a 12/31/98 contract expiration issue. Change the ruling with regard to contract expiration without prejudice to the expiration date to reduce the economic impact to the schools and libraries. (CA, VA)

## E-rate: For the children

- • Proposal 5: Because the FCC has already reduced the program to \$1.925B for 18 months, committed, but unspent dollars, need to be spent on resolving 1998 program year appeals and corrections.

## E-rate: For the children

- • Proposal 6: (a) Expedite a hearing process to be able to announce funding and collection levels priorities prior to Feb. 8, 1999. (b) Assure that collections match funding requests up to the cap of \$2.25B. (c) Assure that '99 funding commitment letters are issued by Jul. 1 '99.



# E-rate: For the children

- Proposal 7: Institute a collaborative procedure to convene a series of sessions to streamline the program and increase the efficiency and effectiveness of the 2000 program year.

## E-rate: For the children

- (1) allow 6 month overlap and grace period
- (2) place priority on large applications
- (3a) reaffirm state/local procurement rules
- (3b) accept state master contracts
- (4) resolve 12/31/98 contract expiration issue
- (5) commit unspent funds on '98 letters
- (6) establish funding priority & collect
- (7) streamline program year 2000

Copies of the foregoing letter and ex parte document have been sent via messenger and/or first-class mail to the parties below:

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